

## CIA OPERATIONS CENTER

Date. 23 Jun 76

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## NEWS SERVICE

1037

KNOCHE-CIA

## DISTRIBUTION II

BY HARRISON HUMPHRIES

WASHINGTON (AP) -- THE SENATE SELECT COMMITTEE ON INTELLIGENCE ACTIVITIES TODAY APPROVED THE NOMINATION OF E. HENRY KNOCHE TO BE DEPUTY DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY.

KNOCHE, 51, A VETERAN OF 23 YEARS IN INTELLIGENCE ANALYSIS ROLES AT THE CIA, WAS GIVEN 12 AFFIRMATIVE VOTES FOR CONFIRMATION AFTER TESTIFYING AT THE FIRST OPEN HEARING OF THE NEW COMMITTEE FORMED MAY 19 TO OVERSEE U.S. INTELLIGENCE AGENCIES. THE OTHER THREE MEMBERS WERE TO BE POLLED.

KNOCHE, WHO WILL HEAD DAY-TO-DAY OPERATIONS OF THE CIA AS FIRST ASSISTANT TO CIA DIRECTOR GEORGE BUSH, SAID HE COULD CONCEIVE OF NO CIRCUMSTANCES IN WHICH HE COULD RECOMMEND THAT AN AGENCY OF THE UNITED STATES ENGAGE IN A POLITICAL ASSASSINATION DURING PEACETIME.

HE SAID HE BELIEVES STRONGLY THAT THE GOVERNMENT NEEDS THE CAPABILITY OF CARRYING OUT COVERT ACTIVITIES "TO LESSEN THE PROSPECTS OF HOSTILITIES OR OTHER PROBLEMS ABROAD."

BUT, HE SAID, COVERT ACTIVITY COMPRISES ONLY 2 PER CENT OF THE CIA BUDGET FOR FISCAL 1977, COMPARED TO MORE THAN HALF DURING THE COLD WAR PERIOD FOLLOWING WORLD WAR II.

KNOCHE TOLD THE COMMITTEE HE BELIEVES THAT GUIDELINES CAN BE WORKED OUT FOR INFORMING ITS MEMBERS ON COVERT ACTIVITY. HOWEVER, HE SAID THE COMMITTEE "IS GOING TO HAVE TO GET SOME UNDERSTANDING WITH THE WHITE HOUSE" AS TO WHEN DISCLOSURE SHOULD BE MADE OF COVERT ACTIONS UNDER CONSIDERATION.

THE CIA, HE SAID, IS BASICALLY "AN INSTRUMENT OF FOREIGN POLICY" AND ACTS ON DECISIONS MADE BY "HIGHER AUTHORITY."

"WE ARE NOT THE JUDGES OF WHEN WE EMPLOY COVERT ACTION," HE ASSERTED.

KNOCHE TOLD THE COMMITTEE HE HAD LITTLE DOUBT THAT HE WOULD QUIETLY INFORM THE NEW OVERSIGHT COMMITTEE IF HE SHOULD BE ORDERED TO DO SOMETHING HE CONSIDERED ILLEGAL OR IMPROPER.

IF HE IS UNSUCCESSFUL IN PERSUADING HIS SUPERIORS TO RETRACT SUCH AN ORDER, HE SAID, HE WOULD HAVE TO DO ONE OF THREE THINGS: "RESIGN, GO PUBLIC, OR COME QUIETLY TO THE COMMITTEE."

KNOCHE ADDED THAT HE WAS LIKELY TO OPT FOR THE THIRD ALTERNATIVE.

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## NEWS SERVICE

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DISTRIBUTION II

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SELECT COMMITTEE ON INTELLIGENCE ACTIVITIES--9:00-OPEN. NOM. OF E.  
HENRY KNOCHE TO BE DEP. DIR. OF CIA. 235 RUSSELL BLDG.

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ARTICLE APPEARS ON  
PAGE A-13

THE WASHINGTON STAR (RED LINE)  
23 June 1976

## Panel Hears CIA Nominee

By Vernon A. Guidry Jr.  
Washington Star Staff Writer

The man nominated to run the day-to-day operations of the CIA said today he has no personal objection to auditing of the agency by the General Accounting Office.

E. Henry Knoche, 51, appeared before the new Senate Intelligence Committee, which is considering his nomination to be deputy director of central intelligence.

The unusual public grilling of the nominee was preceded by five hours behind closed doors. Knoche was praised for having extraordinary qualifications for the job by committee chairman Daniel Inouye, D-Hawaii, and Republican Howard Baker of Tennessee who

said the public hearing marked an historic first in improved oversight of the CIA.

In discussing GAO audits of the agency, Knoche said there would have to be discussion about distribution of the product of such an audit on Capitol Hill and the director would need guidelines from Congress on how he should go about his duty under law to protect sources and methods during an audit.

Knoche, a career analyst and China specialist in the agency, was asked what difficulties there were prior to 1961, when the GAO did audit the agency.

"It gave us no particular pain," said Knoche, but he added that the GAO had had problems.

Knoche joined the agency in 1953 in the office of current intelligence. In 1975, he was named associate deputy to the director of central intelligence, involving the coordination of resources in the intelligence community.

# Legion Post Hosts 5th Division Convention

The 5th Division convention over the week-end here began with a banquet on Saturday evening with E. Henry Knoche, Deputy Director of C.I.A. of Washington, D.C., as the featured speaker.

Norman Biebel, a member of the Legion State Finance Committee, served as master of ceremonies. Fifth Division Commander Elroy Ostendorf of Waterloo Post 747, extended greetings before introducing Biebel. C.I.A. deputy Director Knoche has worked with intelligence analysis for over 23 years. This work offered insight into the Agency's relationships with Congress and not with the operational or clandestine side. He quoted from the Bible in the days of Moses to illustrate the fact that societies have survived by more than just armed might. It has also taken knowledge. A story in Joshua 2 shows that intelligence is the world's oldest profession.

America cannot be blind or deaf to the preparations of potential enemies. The government needs solid facts and judgments on which to base its policies and plans if it is to remain strong and free.

Intelligence activities have been in existence in the U.S. since the days of George Washington. Pearl Harbor focused American attention on the need for a unified national intelligence service of putting facts together, analyzing them and disseminating the findings to those empowered to take actions. Before World War II there was departmental intelligence but no one was "getting it together."

America was determined never to be surprised again and under President Truman the CIA and the Department of Defense was created.

He referred to the headlines which have, in recent months, charged CIA with every imaginable offense from massive domestic spying to being unable to warn our nation of impending attack. Knoche said he hoped that American people never come to believe unfounded allegations simply because they have appeared in print or because they have been repeated so often. That sort of technique works in closed societies. It must not be allowed to work here.

He gave credit to the CIA people who (throughout the battering) have not wavered in their dedication and professionalism. He remarked it was not pleasant as a CIA officer to sit before the family TV and watch children become troubled by charges implying their father or mother somehow was perhaps less than an upstanding American, or worse, making a living in some thoroughly disreputable business.

Knoche said he was not here to complain and pointed out that CIA is almost 30 years of age and any organization needs reforms after such a length of time.

"Secrecy is important in intelligence work because newspapers, magazines, technical journals, books, radio and TV do not give the CIA all it needs to know about foreign capabilities and intentions. Clandestine means are necessary to collect foreign secrets along with advanced technology to help acquire information.

America has good intelligence and the past is studded with successes such as spotting the Soviet nuclear missiles being delivered to Cuba in 1962 and working with the President to remove them.

The many military and technological operations which are constantly watched has assisted in the reduction of the need for on-site verification for certain kinds of strategic arms control agreements that have been concluded with the USSR. The ABM Treaty and the interim agreement on offensive weapons of 1972 would have been impossible without intelligence of this kind.

CIA work covers more than military concerns. Also included is the monitoring and prediction of trends in oil prices and tracking of the flow of petro dollars. Assessing world crop prospects and the problem of world food supplies is also part of CIA's work. These things affect the prices Americans pay and Knoche believes the American taxpayer is getting his full value.

Knoche was given a standing ovation at the close of his speech.

Various gifts were presented and included a Life Membership to 5th Division Commander Elroy Ostendorf from his Post, Waterloo No. 747. Roland Muench, Convention Chairman made the presentation. In his response, Ostendorf, who serves as Adjutant in his Post, said he was becoming suspicious of something special taking place when he was asked to go out of town on a meeting night but he was surprised because those are presented to 50-year members and he has some 15 years to go for that.

The evening closed with a dance to the music of Virgil Crook and his orchestra.

The convention continued on Sunday with the men meeting at the American Legion Home and the Ladies Auxiliary at the V.F.W. Home.

Officers elected in the men's organization of the 5th Division included Paul Kralman of Effingham, Commander; Allen Bauman of Fairfield, Vice-Commander; Kermit Holtgrewe of Belleville, Finance Officer.

Helen Richert of the Waterloo Post 747 Auxiliary was elected Sargeant-At-Arms in the 5th Division Auxiliary at the election on Sunday. Mrs. Richert has held various committee chairmanships but this is her first elective office in the 5th Division Auxiliary. Other officers elected are Ardelle Tebbe of Belleville, President; Helen Malanoski of Tamora, Vice-President; Norma McEnroe of Teutopolis, Treasurer; Audrey Atteberry of Carmi, Historian; Rose Schwarz of O'Fallon, Secretary and Ethel Ashbury of Chester, Chaplain.

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C.I.A. Man Speaks . . .

# Waterloo Hosts Division 5 Legion Convention

Almost 200 persons attended the Fifth Division American Legion Banquet Saturday night at the Waterloo American Legion Hall, kicking off the annual division convention.

Principal speaker at the dinner was E. Henry Knoche, deputy director of the Central Intelligence Agency, who defended the reputation of the C.I.A. and emphasized the importance of intelligence in our nation's security.

Knoche said that America must continue to have an intelligence service second to none in the world. "And make no mistake about it," he said, "every nation on this planet, whether strong, whether free, uses intelligence information to improve its position."

Knoche traced the role of the C.I.A. from its beginning after World War II. Prior to that time, the country had several intelligence units, but no centralized agency. "All of the information that might have led an analyst to

conclude that the Japanese intended to attack Pearl Harbor was available in Washington," he said. "But it was not in one place for an analyst to study; it was instead in bits and pieces all over town. . . . It was information. It was simply not intelligence."

He charged that many of the recent headlines about C.I.A. activities were false. "We have been charged with nearly every offense imaginable," he said, from 'Massive' domestic spying to being unable to warn our country of impending attack."

"And I can tell you tonight," he continued, "that our professionalism, our dedication, our patriotism have not been diminished by the ordeal."

He acknowledged that the C.I.A. has changed as a result of the furor. "A year or so ago," he said, "I would not have been here giving a speech like this." He denied that the C.I.A. uses secrecy to cover up abuses. He said that secrecy is necessary because if the agency's sources and methods were revealed, "our adversaries can take easy steps to keep us from getting the information we need. This has nothing to do with keeping the American public in the dark, a charge made by some of our critics. It is a simple matter of protecting our ability to get information. . . . Dedicated and courageous men and women who risk their lives in the service of this country seeking vital information abroad can be exposed and destroyed."

Knoche said the C.I.A. is doing a good job of gathering intelligence and that in more than one spot in the world peace settlements are being kept because American intelligence is keeping each side informed about what it faces on the other side.

Master of ceremonies for the banquet was Norman Biebel. Also making remarks at the program were Elroy Ostendorf of Waterloo, Fifth Division commander, John

Maag, Waterloo Post commander; Roland Muench, convention chairman; Ed Brennan, commander, Department of Illinois; and Mrs. Robert Sonne, state American Legion Auxiliary president.

The banquet was followed by dancing to music by Virgil Crook's orchestra.

Ostendorf presided at Sunday's convention session, which was attended by 138 delegates. One of the highlights of the program for local Legionnaires was the presentation of a \$100 check to Patrick Costello, a member of Waterloo Boy Scout Troop 369, who won first place in the State Legion's "Boy Scout of the Year" contest and who will represent the department in the national contest. Costello was first runner-up in the contest for the Department's Boy Scout Scholarship Award, which was based on an autobiography and essay on American Legion and Boy Scout activities.

Paul Kralman of Effingham was elected as division commander to succeed Ostendorf, and Al Bauman of Fairfield was named senior vice commander. Kermit Holtgrew of Belleville was re-elected finance officer.

It was announced at the convention that the Division had achieved 100 percent membership and would lead the parade at the Department Convention in Chicago.

The Legion Women's Auxiliary held its sessions at the V.F.W. Hall, where Ardelle Tebbe of Belleville was elected president to succeed Ethel Powell. Other officers elected are Helen Malanoski of Tamaroa, vice president; Rosie Schwarz of O'Fallon, secretary; Norma Shalk of Teutopolis, treasurer; Audrey Atteberry of Carmi, historian; Helen Richert of Waterloo, sergeant at arms; and Ethel Asbury of Chester, Helen Edwards of Broughton and Dorothy Martin of West Frankfort, assistant sergeants at arms.

7 June 1976

## Periscope

### SHAKE-UP AT THE CIA

When the dust settles, six of the CIA's top eight men will be new to the job. The replacement of CIA chief William Colby by George Bush and the ascension of veteran agency administrator Henry Knoche into the No. 2 spot are only the most prominent changings of the guard. William Wells will become the new head of clandestine operations, replacing William Nelson, who recently resigned. Others reportedly planning to leave office include Edward Proctor, deputy director for intelligence; George Carver, in charge of final "estimates" on intelligence, and Carl Duckett, chief of science and technology, who led the attempt to raise a sunken Russian sub with the Glomar Explorer.